

Maputo devalues currency

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THE Bank of Mozambique last week announced an 18 per cent devaluation of its metical currency, the biggest in more than a year.

The move pushed the metical down to a level of 1 370 to the United States dollar from 1 223.

Large-scale devaluations took place in 1987 and 1988, the first two years of Mozambique's economic recovery programme, with support from the World Bank.

The currency tumbled from 40 meticals to the US dollar at the end of 1986 to 620 at the end of 1988.

But since then devaluations have been relatively small and almost always on the first day of the month. The recent move, coming as it did in the middle of the month, went unnoticed by the local media.

The black market rate for the metical last week was 2 100 meticals to the dollar and in recent weeks the Legal Secondary Foreign Exchange market (SFEM) price has fluctuated around 1 850.

The SFEM is a floating rate introduced by the government last year and intended to be set by market forces. Ziana-Reuter